

CITY OF YUBA CITY
STAFF REPORT

Date: September 25, 2007
To: Honorable Mayor & Members of the City Council
From: Administration
Presentation By: Steven R. Jepsen, City Manager

Summary

Subject: Request from Levee District 1 (LD1) for Supplemental Funding for the Star Bend Levee Setback Project; report from LD1.

- Recommendation:**
- A. Approve the request to increase loan funding authorization from the previously approved \$600,000 to LD1 for the construction of the Star Bend setback levee to \$1.6 million. Authorize staff to issue a letter of fund availability and to negotiate loan documents with LD1.
 - B. Adopt the resolution acknowledging flood risk to Sutter County.
-

Background:

In May of 2007, Levee District 1 submitted a proposal to the State Department of Water Resources (DWR) for funding assistance to construct a setback levee at Star Bend on the lower Feather River. As part of this submittal, the City of Yuba City and Sutter County were requested to participate in funding this \$20.6 million project. As part of the discussion for required match funding, the West Feather River Levee Reconstruction Agency (WFRLRA) recommended that Yuba City and Sutter County, in conjunction with LD1, front the match funding as a loan against the formation of a future Special District to provide required matching funds in the Yuba-Sutter basin for all Proposition 1-E submittals.

On April 17, 2007 the Yuba City Council voted to advance \$600,000 in matching funds for the proposed Star Bend setback levee and provide another \$1 million in 30-90 day cash flow funds for the life of the project. The \$600,000 was to be as a loan to WFRLRA (its successor agency) and/or LD1 to be paid back out of proceeds from a future Special District Assessment or other tax.

City, County, and Levee District 1 proposed contributions to the Star Bend setback levee are shown in Table 1, line A.

DWR notified LD1 of their preliminary project eligibility on August 30, 2007 (Attachment A). The recommended funding for Proposition 1-E was set at a fixed amount of \$16.3 million as provided in Line B of Table 1. This funding level produced a \$1.2 million shortfall requiring additional local match share.

TABLE 1							
LD1 – Star Bend Cost Comparisons							
(\$ millions)							
	YC	Sutter	LD1	Calpine	DWR	Total	Comments
A) Preliminary application	\$0.6	\$0.6	\$0.6	\$1.3	\$17.5	\$20.6M	\$1.0M ea. City/County cash flow*
B) Recommended state funding	0.6	0.6	0.7	1.3	16.3	\$19.4M	\$1.2M funding shortfall
C) Revised LD1 Request with 30% contingency	1.6	1.6	0.7	1.3	16.3	\$21.5M	\$1.0M ea. City/County cash flow* includes \$745,000 reserve fund
D) LD1 – 90 day Cash Flow. Option cash flow*	1.6	1.6	0.7	1.3	16.3	\$21.5M	\$4.0-5.2M ea. City/County includes \$745,000 reserve fund

Notes: * Cash flow request for 30 to 90 day construction peak

Levee District 1 is requesting additional funding to cover contingencies and state funding shortfalls, and an “Acknowledgement of Flood Risk” as requested by the Department of Water Resources (Attachment B).

Analysis:

Levee District 1 is requesting additional funding for the proposed project at Star Bend including support for state shortfalls, increased contingencies to approximately 30 percent and a small increase in construction cost estimate. The revised funding request is shown in Table 1, Line C, increases the City’s share of the funding from \$600,000 to \$1.6 million. LD1 is still requesting support for 30 to 90 day cash flow in the range of \$1 million up to \$5.2 million each from the City and the County. The cash flow requirements are still being negotiated through DWR and are not part of the application.

In addition to the funding support, LD1 and DWR are requiring an “Acknowledgment of Flood Risk” by both Yuba City and Sutter County. The requested wording for this Acknowledgement requires Yuba City to recognize Yuba-Sutter’s 100-year flood risk and further requires the approval of DWR for any actions changing our flood “valuation.” This latter wording, although not defined, could be broadly interpreted as prohibitively restrictive and setting land use policy based in potential flood risk and property values. The revised wording suggested by staff recognizes DWR’s request for flood risk acknowledgement within the context of known circumstances as they currently exist.

- Yuba City is not mapped in a 100-year flood plain
- The Feather River levees adjacent to Yuba City have withstood a 100-year crest in 1997.
- We commit to confer with DWR in the event of a major change in flood evaluation.

The suggested language for the requested “Flood Risk Acknowledgment” is included in Exhibit 1.

Fiscal Impact:

Yuba City will have to advance \$1.6 million in funding for the proposed project as a loan against a potential Special District or other tax to provide for levee enhancements. In addition, LD1 has requested additional financial support for the construction of the project to cover the cash flow needs on a DWR 30-90 day billing/reimbursement cycle. Only the project matching funds are being requested at this time. Funds are available to commit to match funding requirements from a variety of sources, including the General Fund, utility reserves or the City’s General Fund Capital Project

Reserves. It is recommended that the City advance a loan from its Development Impact Fee Accounts. Funding availability from the Development Impact Fee Accounts will be presented at the Special Council Meeting.

The City's loan construction to the project still remains somewhat dependent on the construction bid in relationship to the estimate and unanticipated contingencies.

Alternatives:

The combined City/County loan is the only viable alternative at this point in time to advance the project.

Recommendation:

A. Approve the request to increase loan funding authorization from the previously approved \$600,000 to LD1 for the construction of the Star Bend setback levee to \$1.6 million. Authorize staff to issue a letter of fund availability and to negotiate loan documents with LD1.

B. Adopt the resolution acknowledging flood risk to Sutter County.

Submitted By:

Steven R. Jepsen
City Manager

RESOLUTION NO. 07-

**A RESOLUTION BY THE
CITY COUNCIL OF YUBA CITY
IN REGARD TO GRANT FUNDS UNDER PROPOSITIONS 1E AND 84
AND ACKNOWLEDGEMENT OF FLOOD RISK**

WHEREAS, Levee District 1 (LD1) has submitted an application for 1E funding to construct a setback levee at Star Bend on the Feather River; and

WHEREAS, in November of 2006 the California voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, and the Disaster Preparedness and Flood Prevention Bond Act of 2006 (collectively "Propositions 1E and 84"); and

WHEREAS, the Department of Water Resources has offered up to \$16.33 million of funding to LD1 from Propositions 1E and 84 to fund the Feather River Setback Levee at Star Bend, work for which sufficient funding to complete the setback levee does not otherwise exist; and

WHEREAS, in order for LD1 to be eligible for such offered funding, Yuba City is required to approve this resolution which acknowledges the existing flood risk in Sutter County; and

WHEREAS, Yuba City hereby notes that the Feather River Levees adjacent to Sutter County withstood a full scale test of a 100 year flood in January of 1997; and

WHEREAS, Yuba City has been mapped by FEMA outside of the 100 year flood risk; and

WHEREAS, the Yuba City Council desires to receive funds to provide increased flood protection for the residents of Sutter County and is required to acknowledge flood risk.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. City of Yuba City has been informed by LD1 that risk of flood is present in Sutter County. To help decrease County's residents' flood risk, LD1 will be receiving grant funds from the Department of Water Resources for the purpose of improving flood protection.
2. Yuba City agrees that a change in circumstances, or a reevaluation of risk, may change the acknowledged risk of flood. In the event Yuba City proposes to adopt a new resolution stating the risk of flood for Sutter County, such a change requires consultation with the Department of Water Resources.

AYES:
NOES:
ABSENT:

John Miller, Mayor

ATTEST:

Terrel Locke, City Clerk

EXHIBIT 1